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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

**Request for Comments on the Update of the Scholarships for Disadvantaged Students Program**

**AGENCY:** Health Resources and Services Administration, HHS.

**ACTION:** Notice.

**SUMMARY:** The Health Resources and Services Administration (HRSA) updates and clarifies the implementation of the Scholarships for Disadvantaged Students (SDS) program under authority of Section 737 of the Public Health Service Act (PHS Act). The publication of the final notice will supersede all previous notices regarding the SDS program.

**EFFECTIVE DATE:** The program clarifications described in this notice will be implemented in fiscal year (FY) 2012 and beyond and will become effective for SDS funds awarded to schools in FY 2012 and beyond.

**PURPOSE:** HRSA is updating the SDS program to increase the impact of the program in the areas addressed in the program's authorizing statute. Specifically, the authorizing statute allows the Secretary to make grants to eligible entities that are carrying out a program for recruiting and retaining students from disadvantaged backgrounds, including students who are members of racial and ethnic minority groups. (PHS Act, Sec. 737(d)(1)(B)). In addition, grantees provide scholarships to individuals who meet the following requirements: (1) are from disadvantaged backgrounds; (2) have a financial need for a scholarship; and (3) are enrolled (or accepted for enrollment) at an eligible health professions or nursing school as a full-time student in a program

leading to a degree in nursing or a health profession. (PHS Act, Sec. 737(d)(2)(A-C)). Under the statute, priority is given to eligible entities based on the proportion of graduating students going into primary care, the proportion of underrepresented minority students, and the proportion of graduates working in medically underserved communities. (PHS Act, Sec. 737(c)).

**CURRENT PROGRAM:** To be eligible, at least 10 percent of a school's enrollment and graduates must be disadvantaged individuals, and eligible entities must be carrying out a recruitment and retention program for students from disadvantaged backgrounds. For the purposes of the SDS program, an individual from a disadvantaged background is defined as one who: (1) comes from an environment that has inhibited the individual from obtaining the knowledge, skills, and abilities required to enroll in and graduate from a health profession or nursing school, or from a program providing education or training in allied health professions; or (2) comes from a family with an annual income below the established Census Bureau low-income thresholds, adjusted by the Secretary for health professions and nursing programs eligibility. Eligible entities are: schools of allopathic and osteopathic medicine; dentistry; optometry; pharmacy; podiatric medicine; veterinary medicine; nursing (associate, diploma, baccalaureate, and graduate degree); public health; chiropractic; allied health (baccalaureate and graduate degree programs of dental hygiene, medical laboratory technology, radiology technology, speech pathology, audiology, registered dietitians, and occupational therapy and physical therapy); mental and behavioral health (graduate degree programs in clinical psychology, clinical social work, professional counseling, marriage and family therapy); and physician assistant training. (PHS Act, Sec. 737(d)(1)(A)). Grant awards are determined by formula with the three priority areas based on the proportion of graduating students going into primary care, the proportion of underrepresented minority students, and the proportion of

graduates working in medically underserved communities. There is also a requirement to award at least 16 percent of the available funds to nursing students (PHS Act Section 740(a)). The amount of the scholarship may not exceed a recipient's cost of tuition expenses, other reasonable educational expenses and reasonable living expenses incurred in attendance at such a school. The scholarship may be expended by the student only for such expenses. The average annual student award is \$2,300.

**ISSUES:** First, the SDS program grantee population has grown from 401 schools in FY 2000 to almost 700 health profession schools in FY 2011. Since all SDS eligible schools receive grant awards, the funding has been divided into ever decreasing amounts per school over the years. Many of the schools, in an effort to provide funding to each of their disadvantaged students, spread the award equally among the disadvantaged students and the smaller school award amounts result in smaller student scholarship amounts. While the student scholarship amounts have been decreasing, the tuition rates have been increasing. For many students with insufficient financial resources, the small award size is unlikely to provide enough funds to continue in school. Second, the primary care and underrepresented minority student priority weights currently used are too small to adequately incentivize and reward schools that are successful in graduating primary care underrepresented minority students or have excellent plans to improve their programs to recruit and retain students from disadvantaged backgrounds, including students who are members of racial and ethnic minority groups. Also, the primary care weights are not enough to incentivize schools to increase the proportion of graduating students going into primary care. Third, the practice of awarding grants for one year at a time does not allow the schools to select financially disadvantaged applicants with the assurance that a student will receive SDS financial aid for the entire time the student is enrolled.

## **PROPOSED CHANGES:**

To provide larger award amounts to schools and to increase the retention and graduation of underrepresented minority and disadvantaged students, HRSA's Bureau of Health Professions (BHPr) proposes the following changes to the SDS program:

- (1) Convert the currently formula-based SDS program to a competitive peer-reviewed grant program.
- (2) Convert the grant award from a current 1-year project period to a project period of 4-years. A successful applicant would be awarded a 4-year project period with funding provided annually subject to appropriations, the availability of funds and successful progress.
- (3) Add a new requirement that individual student awards must be at least 50 percent of the student's annual tuition costs for tuition \$30,000 or less, but no student can be awarded over \$15,000 SDS funds per year. Individual student awards must be \$15,000 for students whose tuitions are over \$30,000 per year.
- (4) Increase the weight and provide a range of points for primary care and underrepresented minority priorities.
- (5) Expand the disciplines eligible for the primary care priority (allopathic and osteopathic medicine, dentistry, graduate nurse practitioners, and physician assistants) to also include dental hygiene and behavioral and mental health.
- (6) Use the Institute of Medicine's primary care definition to identify primary care service for the primary care priority within the eligible primary care disciplines:

*Primary Care is the provision of integrated, accessible health care*

*services by clinicians who are accountable for addressing a large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community.* (Institute of Medicine. *Primary Care: America's Health in a New Era*. Washington, D.C.: National Academy Press, 1996).

- (7) Increase the school eligibility requirement for disadvantaged students enrolled and disadvantaged students graduated to 20 percent each.

**ELIGIBILITY REQUIREMENTS:** There are five requirements a school must meet in order to be eligible for the SDS grant program. The requirements, starting in FY 2012, are as follows:

- (1) Twenty (20) percent of enrolled students must be disadvantaged.
- (2) Twenty (20) percent of graduates must be disadvantaged.
- (3) Schools must have a recruitment program for disadvantaged students.
- (4) Schools must have a retention program for disadvantaged students.
- (5) Student award must be at least 50 percent of the annual tuition cost with a \$15,000 maximum award per year, when annual tuition is \$30,000 or below—above \$30,000 annual tuition equals \$15,000 award.

**STUDENT ELIGIBILITY REQUIREMENTS:** To qualify for the SDS program, a student must:

- (1) Meet the definition of an “individual from a disadvantaged background” as defined above (PHS Act Sec. 737);
- (2) Have a financial need for a scholarship, in accordance with a need analysis procedure approved by the Department of Education (Pub. L. 105-244, Part F, The Higher

Education Act of 1965 as amended). In addition, any student who is enrolled (or accepted for enrollment) in a health profession school or program must provide information on his or her parents' financial situation or his or her own depending upon the tax status of the student, and

- (3) Be enrolled (or accepted for enrollment), as a full-time student, at an eligible health professions or nursing school in a program leading to a degree in nursing or a health profession (PHS Act Sec. 737).

**STUDENT AWARD SELECTION:** The law requires that in providing SDS scholarships, the school or program must give awards first to students for whom the cost of attending an SDS school or program would constitute a severe financial hardship. Severe financial hardship is to be determined by the school or program in accordance with standard need analysis procedures prescribed by the Department of Education for its federal student aid programs. The school or program has discretion in deciding how to determine which students have "severe financial hardship," as long as the standard is applied consistently to all eligible students.

The law also requires that schools give awards to students who were former recipients of scholarships under PHS Act sections 736 (Exceptional Financial Need Scholarships) and 740(d)(2)(B) (Financial Assistance for Disadvantaged Health Professions Students Scholarships), as such sections existed on November 13, 1998, if such recipients are still students in financial need.

**ELEMENTS OF PEER REVIEW:** Peer reviewers will assess a school's allocations based on accomplishment of, or commitment to, the following criteria:

- (1) Degree to which applicant demonstrates its commitment to the education of disadvantaged students, especially underrepresented minorities (10 points).
- (2) Degree to which applicant demonstrates its commitment to increasing primary care practitioners (10 points).
- (3) Degree to which applicant demonstrates its commitment to increasing graduates working in medically underserved communities (MUCs) (10 points).
- (4) Level of achievements and successes in educating disadvantaged students, including underrepresented minorities, in a way that eliminates barriers along the educational pipeline for disadvantaged students and assures graduates practice in primary care and serve in MUCs (30 points).
- (5) Level of adequacy of proposed plan to increase and educate disadvantaged students, including underrepresented minorities, and retain students in their academic programs, and encourage them to enter primary care and serve in MUCs (40 points).

**PRIORITY SCORING:** Additional points ranging from one through four will be given for having a high percentage of the following priorities: (1) underrepresented minority students, (2) graduates entering primary care service, or (3) graduates serving in medically underserved communities. The number of points awarded to each applicant for meeting the priorities will be determined by the applicant's percentage in meeting those priorities. A higher number of points for each priority will be assigned to applicants with a higher percentage of meeting that priority. There will be no institutional or discipline preferences.

**EXPECTED OUTCOMES:** The stronger eligibility requirements, and the change from the existing formula-based program to a competitive-application review process, will allow selection

of schools that have the strongest commitment to disadvantaged students and the greatest likelihood for achieving results to be funded at amounts high enough for schools to offer significant scholarships to students. Requirements to provide each student with 50 percent of tuition costs up to \$15,000 will further ensure significant scholarship amounts. With the increased weights for primary care, disadvantaged and underrepresented minority students, the result will be an increase in disadvantaged students going into primary care. The change from a 1-year project period to a 4-year project period will provide grantees the information they need to develop a funding plan for the more disadvantaged student applicants and provide increased matriculation.

**COMMENTS:** The comment period will close [INSERT DATE 30 DAYS AFTER PUBLICATION DATE]. All comments received before the deadline date will be considered before the implementation of these procedures for FY 2012 awards and beyond.

Written comments should be addressed to: Anita Rhawn, Public Health Analyst, Bureau of Health Professions, Health Resources and Services Administration, Parklawn Building, Room 9-105, 5600 Fishers Lane, Rockville, Maryland 20857; telephone (301) 443-5331.

Dated: March 14, 2012

Mary K. Wakefield, Ph.D., R.N.  
Administrator

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